GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:5007
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GDP Growth
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Will the Minister of FINANCE be pleased to state:

(a) whether the Government is aware that many independent economists, economic advisors of public sector banks and experts from global majors puzzled/ doubtful over the Government data showing a surprise over 7 per cent GDP growth in October-December quarter of 2016 claiming that figures do not add up and perhaps masking the real impact of demonetisation;

(b) if so, the details thereof; and

(c) the reaction of the Government thereto?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE
(SHRI ARJUN RAM MEGHWAL)
(a) to (c): From time to time, independent economists, research agencies, international organizations and other experts bring out their own assessment of the economy which the Government of India is aware of and takes note of, for appropriate policy actions. Post-demonetisation, many organizations projected a lower GDP growth, vis-Ã -vis their earlier projections. As per the quarterly estimate released by the Central Statistics Office (CSO), the growth rate in the gross domestic product (GDP) at constant market prices forthe third quarter (October-Decemberquarter) of 2016-17was 7.0 per cent, which was lower as compared to 7.2 per cent and 7.4 per cent respectively in the first and second quarters of 2016-17.
The economic growth of a country depends on a number of factors including structural, external, fiscal and monetary factors (which is only partly reflected by demonetisation). According to the CSO, no direct data is available to measure the effect of demonetisation. The methodology followed in the compilation of the National Accounts Statistics is based on, to the extent possible, the recommendations of System of National Accounts,2008 of the United Nations. The third quarter's growth in GDP was estimated to have been boosted by a 6 per cent growth in the gross value added (GVA) in agriculture & allied sectors, which is higher than the corresponding growth rate estimated for the first and second quarters of 2016-17. The industrial and services sectors are estimated to have grown by 6.6 per cent and 6.8 per cent respectively during the third quarter of 2016-17.These estimates, combined with the robust growth in indirect taxes net of subsidies, has resulted in the CSO's estimate of the growth rate of 7.0 per cent in GDP in the October-December quarter of the financial year, 2016-17.
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